

tion of the Bureau of the Budget, such as the Board of Governors of the Federal Reserve System and the Comptroller of the Currency.

Second. The statistics subcommittee has repeatedly urged that expenditures of the Federal Government be shown on a gross as well as a net basis. This is now done for the first time in a special analysis B of the budget.

Third. For a number of years the Federal budget has shown civilian employment figures but we have urged that some analysis of this employment also be provided in the budget. This is now done for the first time in a special analysis C of the budget.

Fourth. I have personally been very critical of the deceptive practices in previous budgets by which expenditures were held down through the sale of Government assets. The budget now shows, in special analysis E, the anticipated sales of these assets, as well as the future potential for sales. So there is no deception.

Fifth. Perhaps the most important recommendation of the statistics subcommittee has been for more analysis of particular Government functions. A brand new analysis of all health programs by the Federal Government is included for the first time in a special analysis G of the budget. I predict that this will be the forerunner of many new assessments of types of Government programs in the future.

Sixth. Finally, there has been much talk in the past about the influence of the Federal Government on our balance of payments. Special analysis L in the new budget provides, for the first time, a significant examination of all Federal activities as they affect our balance of payments.

As a new member of the Appropriations Committee, let me say that the budget will be very helpful to Members of the Senate and the House in arriving at decisions and being able to make reductions in the future on a priority basis and on a far more informed basis than ever before.

IMPORTS OF BEEF AND MEAT PRODUCTS

Mr. CARLSON. Mr. President, every phase of our economy in the livestock producing areas is greatly disturbed by the present rate of imports of beef and meat products.

Recent prices on livestock markets show a continuing downward trend that has resulted in a drop of 20 percent in price within the last year.

Since 1960, we have seen a tremendous jump in the importation of beef from about 3 percent of domestic consumption to the current 11 percent. In 1963 we imported 18 percent more red meat than in 1962. Lamb was almost double for this same period.

With foreign beef consistently underselling domestic beef by 5 cents a pound, the packer who uses domestic beef has no choice but to put pressure on the price he pays to the producer.

Packers who bone beef for processing, usually small, independent companies,

work on a profit of about one-fourth cent per pound. Obviously, they cannot meet the 5-cent differential by cutting profit. The only means is to pay less to the farmer.

The result is reduction in the farmer's and rancher's income and the value of his livestock, which is collateral for his loans. Continuation of importing cheap foreign meat will force further liquidation of herds and bankrupt many producers, just as it has already bankrupt many small packers.

We cannot totally exclude foreign meats. They are necessary to meet the demand for processed products.

We can combine quotas and tariffs that will limit imports to the amount needed to satisfy domestic needs. We can assure a market for domestic products and discourage the favoring of foreign meats over our own.

The livestock industry is the most important industry in the State of Kansas. It also represents the largest segment of agriculture in Kansas. In 1962, cash receipts from livestock and livestock products totaled \$683,102,000. This is equal to 53 percent of all cash farm receipts in Kansas during 1962. Total cash receipts for the State in 1962 were 4 percent below the 1961 total. While total cash income in 1962 was down 2 percent from the 1961 figure, net farm income was down to \$410 million, which represents a 14-percent decrease from 1961. The enormous increase in farm production costs and lower prices were the principal causes of this lower net income.

The American livestock industry has been highly successful. It does not operate under Government controls. In this immediate crisis, we owe our cattlemen, farmers, and meat packers every protection against fast rising imports of foreign meats.

Mr. President, the January 16 issue of the Journal of Livestock and Agriculture, published in St. Joseph, Mo., carried an "Appeal to Congress on Meat Imports," which was signed by the Livestock Committee of the St. Joseph Chamber of Commerce.

I share the concern expressed in this article and ask unanimous consent that it be made a part of these remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

APPEAL TO CONGRESS ON MEAT IMPORTS

DEAR JOURNAL READERS: The Livestock Committee of the St. Joseph Chamber of Commerce sent the following telegram to Senators SYMINGTON, LONG, and CARLSON and Representatives HULL and AVERY:

"We note the recent investigations into imports of beef and would like to express the concern of the Livestock Committee of the St. Joseph Chamber of Commerce, composed of representatives of livestock marketing and processing, feed grain, banking, and general industries of St. Joseph, Mo.

"There is a general feeling that the tremendous increase of these imports in recent years has a very depressing effect—both economical and psychological—on cattle and swine prices.

"Imports along with the 7-percent increase in beef tonnage and 5-percent increase in pork tonnage in 1963 has caused added losses to livestock producers and feeders.

"Imports could be more damaging this year should drought conditions continue to prevail in this area. Continued drought could force cattlemen to liquidate present cow herds. If this happens, imports would be in direct competition with the possible upcoming supply of cow beef.

"We urge your increased consideration of this matter; it is vital to the economy of the Midwest.

LIVESTOCK COMMITTEE, ST. JOSEPH
CHAMBER OF COMMERCE.

TRIBUTE TO SENATOR MARGARET CHASE SMITH

Mr. STENNIS. Mr. President, the Reserve Officers Association each year selects from among the outstanding citizen-leaders of the United States one individual to receive recognition as "the citizen who has contributed most to national security." This is popularly known as the "ROA Minute Man of the Year Award" because it is presented in the "minuteman" tradition. To receive this award for 1964, the ROA has chosen an outstanding Member of the Senate—the Honorable MARGARET CHASE SMITH.

Senator SMITH does more than her share of the work, not only in the work of the Armed Services Committee and the Preparedness Investigating Subcommittee but on both the Appropriations and Space Committees. Senator SMITH and I have identical committee assignment, and it is my pleasure to serve and work with her on these committees.

We have been through a great many battles together and as the days have passed, my admiration has increased for her tremendous ability, vitality, knowledge, dedication, and great service to her country. Throughout her service in the Senate, she has set a high standard for all of us.

In selecting Senator SMITH for this award, the ROA honors the Senate. I know that all of us feel that this is recognition richly deserved, and we join in extending to her our congratulations.

Doubtless, most of us will be on hand on the evening of February 28 to join our friends of the Reserve Officers Association in their national tribute to Senator SMITH. Details of this award are contained in the attached ROA press statement, which I request be inserted in the RECORD at this point.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

TRIBUTE TO SENATOR MARGARET CHASE SMITH

The Reserve Officers Association of the United States has selected Senator MARGARET CHASE SMITH to receive its 1964 award as "Minute Man of the Year." The annual citation traditionally singles out a citizen leader "whose career has contributed most to the security of the United States."

ROA's National President, Brig. Gen. James E. Frank, of San Francisco, made the announcement from the association's national headquarters in Washington. Of the award, he said:

"Senator SMITH, who herself has served in the Reserves, has made a significant contribution to the stability and effectiveness of the armed services. As a member of the Senate Armed Services Committee, she has influenced in substantive degree national policy affecting all the services, both Active and Reserves, and in the non-partisan, non-

political approach which is the hallmark of national defense, she has been an effective advocate of sound military policy.

"Senator SMITH's unselfish devotion to the ideals of fairness to all elements in the military services, her insistence upon highest standards in the services, and her recognition that the citizen-reservist tradition is indispensable have made her outstanding in a group of devoted patriots.

"Our association is honored by Senator SMITH's acceptance of this recognition."

Formal presentation of the ROA award will take place on February 28 at the association's annual Midwinter National Council Banquet at the Sheraton-Park Hotel. ROA, whose membership embraces more than 150 Members of the House and Senate, will announce later an outstanding Reserve officer who will be selected to make the presentation. Many Members of the Congress, as well as the Secretariat of the Defense Department and military services, and the members of the Joint Chiefs of Staff and other military leaders usually attend. ROA members from throughout the United States and overseas come to Washington for a 3-day conference, climaxed by the banquet.

Last year, the annual ROA award went posthumously to Senator Dennis Chavez, who had served many years as chairman of the Senate Defense Appropriations Committee, and was received by his widow. Other recipients of the award have been: Representative Carl Vinson, chairman of the House Armed Services Committee; Mr. Bryce Harlow, assistant to the President of the United States; Mr. Hugh M. Milton, Under Secretary of the Army who also had served in uniform as Chief of Army Reserves and ROTC; Brig. Gen. David Sarnoff, a much-decorated military signal expert who is now chairman of Radio Corporation of America; Senator Richard B. Russell, chairman, Senate Armed Services Committee.

A similar minute man award annually is presented to an outstanding military leader at the ROA's national convention in June.

The Reserve Officers Association, chartered by the Congress, is the only association of officers of all the military services. While its membership is drawn largely from the Reserve Forces, and the more than 150,000 Reserve officers in the Active Forces, it also includes many Regular officers who are associate members and cannot vote or hold office in the association.

ROA was organized in 1922 at a Washington convention at which the late Gen. John J. Pershing was keynote speaker.

The act issuing its charter specifies that the association shall support a "military policy for the United States that will provide adequate national security." The same law prohibits the association from engaging in either partisan or personal political activity.

During its 41 years, ROA has appeared before congressional committees in support of hundreds of bills and is considered the champion of the modern Reserve Forces programs, although its advocacy also covers active forces matters.

COLORADO RIVER STORAGE PROJECT

Mr. ANDERSON. Mr. President, under date of December 30, 1963, Hon. Kenneth Holum, Assistant Secretary of the Interior, transmitted to the President of the Senate the seventh annual report of the Department of the Interior on the status of the Colorado River storage project and participating projects, as required by section 6 of the authorizing act of April 11, 1956—70 Statutes 105.

These annual reports reflect the progress that has been made since 1956 when

construction was initiated. In the 7 past years, the Navajo Dam has been substantially completed, the Flaming Gorge and Glen Canyon Dams and powerplants are approaching completion and the Curecanti unit and the transmission system are well along the way. Four of the participating projects are in the final stages of construction. It is of interest to note that during 1963 the first annual repayment for municipal water facilities was returned to the Government.

Mr. President, despite the tremendous size of the project, and the engineering complexities that faced the planners, it is only fair to point out that there were always men available to meet the challenge and effectively produce the things that had been contemplated. It is with considerable pride that I pay my respects particularly to the three engineers, alumni of the University of New Mexico School of Engineering, who have been to a large degree responsible for the successful construction of the major dams on the project. Two of these men have just retired from the Bureau of Reclamation, and I am advised that the third will continue at least until his job as construction engineer on the Curecanti unit has been completed. The following information supplied by the Bureau of Reclamation indicates in summary the high regard with which these graduates of the University of my State of New Mexico are held by their associates.

This month marks the retirement of two of three engineers who were graduated from the University of New Mexico School of Engineering within 3 years of each other and who have climaxed remarkably similar Bureau of Reclamation careers with the construction of the major storage dams on the Colorado River storage project, the Department of the Interior said today.

One, Jean R. Walton, construction engineer at Flaming Gorge Dam on the Green River in northern Utah, has already retired. The other, L. F. Wylie, who has served as construction engineer for the giant Glen Canyon Dam on the Colorado River in northern Arizona, retires January 24.

The third of the trio of Bureau of Reclamation engineers, who all were graduated from the University of New Mexico School of Engineering between 1931 and 1933, is James D. Seery, construction engineer on the Curecanti unit, which involves construction of three dams on the Gunnison River in Colorado. He intends to stay on the job until construction work there is finished.

The three have a total of 96 years of service in the Federal Government, almost all of it, except military service, with the Bureau of Reclamation.

Commissioner Floyd E. Dominy said:

The retirement of L. F. Wylie and Jean R. Walton will be a tremendous loss to Reclamation. These two men have been responsible for constructing the two largest dams of the Colorado River storage project. The jobs are fitting climaxes to their work with the Bureau. We regret to see them go but they have served full 30-year careers together and it is fitting that they bow out together. They were together as students at the University of New Mexico; they both started with Reclamation as assistant engi-

neers in the early thirties; they both served as company commanders during World War II in the South Pacific; and they both climbed the ladder to top construction jobs at the same time.

One consolation is that Jim Seery didn't get the retirement bug along with his two friends.

Seery, who was construction management engineer at the Navajo unit before going to the Curecanti unit, went through engineering school at the University of New Mexico with Wylie and Walton, was also a combat engineer in the South Pacific during World War II, and just as they did, he climbed in the Bureau of Reclamation from an assistant engineer in the early thirties to his present major assignment. Among their fellow engineers the trio had been dubbed "the three musketeers of the Colorado River storage project."

Wylie, a native of Jenny Lind, Ark., has been construction engineer at Glen Canyon Dam since construction started in the summer of 1956. Glen Canyon Dam, largest of the CRSP dams and a close rival in size to the world-famous Hoover Dam on the lower Colorado, was topped out September 13, 1963, and only minor structural work remains before the giant structure is officially labeled completed. Glen Canyon powerplant, begun by Mr. Wylie, will have a generating capacity of 300,000 kilowatts when construction is completed and all generators are installed. In addition to his engineering duties, Wylie was responsible for establishing and managing the now thriving construction city of Page, which had to be carved out of the isolated and inhospitable desert country of northern Arizona, near the Utah border.

Walton, who initiated construction of Flaming Gorge Dam and powerplant in northern Utah at almost the same time that work began on Glen Canyon Dam, leaves his assignment with the construction work virtually completed. The dam was topped out in November 1962, and initial power from Flaming Gorge powerplant, the first power to be generated by the Colorado River storage project, went on the line in November 1963. Just as Wylie had done in northern Arizona, Walton was responsible for establishing a construction town—Dutch John—in the isolated, mountainous terrain of northern Utah.

WESTERN NATIONS SHOULD SET POLICY ON RUSSIAN CREDIT

Mr. MUNDT. Mr. President, increasingly from throughout the country my office is receiving support and encouragement for a suggestion I first made when the issue of the American guarantee of Communist credits was before the Senate. Since then, I have renewed the suggestion in several ways and places. My proposal is simply that the President of the United States should issue a call for a free world aid-trade conference at which the many significant ramifications of trying to commingle trade with the Communists with a program of trying to help the free world resist Communist aggression would be frankly and fully discussed.

We now find the United States in a hopelessly incongruous and weak position. While we protest to Spain against exporting supplies to Cuba; while we try to discourage the British from selling buses to Castro; and while we urge the free world to limit its extensions of Red credit to not more than 10 years we have by congressional action moved directly against such line of counseling by proposing that through our American Export-Import Bank we guarantee a Red credit card arrangement enabling Communist countries to buy what they need in this country and obligating the American taxpayer to pay up the bad debts created by Communist dictators. Such gross inconsistency of course totally weakens the United States when we urge others to go slow on selling Communist countries what they need on credit.

So far as I know, President Johnson has not yet authorized the extension of American guaranteed credits to Khrushchev. I hope he never does. But I feel such a trade-aid conference among free world exporting countries is the only way we can recapture world leadership in this important area. I ask that an editorial from the Daily Plainsman of Huron, S. Dak., be printed at this point in the Record.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WESTERN NATIONS SHOULD SET POLICY ON RUSSIAN CREDIT

Cuba's Fidel Castro's recent visit to Moscow points up one of Russia's major problems—keeping Castro and his government is costly.

Cuba, with the other Russian foreign aid programs to the satellites and nonaligned nations, has become an almost unbearable burden for the Soviet economy which is sounding a few engine knocks.

The Central Intelligence Agency, plunging a dagger into the cloak of secrecy which surrounds the Soviet economy, revealed the Russians are falling behind in the economic race.

The national rate of growth, the CIA said, was 2½ percent in 1962 and 1963, down from the 6-percent growth recorded in the 1950's.

Rate of growth, the pulse of the economy, in the United States was 3.7 percent last year.

Agriculture is Russia's big problem, with a 4-percent decline in this field last year. To offset this, the Russian leaders unveiled a 17-year plan of beefing up the chemical and fertilizer industries—a program that could cost \$2 billion in capital expenditures before it is completed.

But the Russians lack the money to undertake such a long-term expansion of heavy industry. Their gold reserves have slipped from \$3 billion to \$2 billion and they are selling the gold in the British market which is pennies higher than the world price.

Russia's major need now is long-term credit. This need is the soft spot in the Soviet economy. It could be an Achilles' heel.

Russian is looking to the Western World for the long-term financing it needs. Faced with the question whether to extend the credit, the free nations have no uniform policy to guide the decisionmakers.

While trade with Russia has been restricted to nonstrategic items, the British seemed embarrassed and defensive about their recent sale of buses to Cuba.

Senator KARL MUNDT has repeatedly called for a Western-nation conference on credit, to hammer out a firm policy for all nations

to follow. The United States has been urging a 5-year limit on credit to Russia, but has had trouble encouraging the Allies to go along on such a short-term limit.

Positive identification of Cuban-trained leaders in the recent Panama Canal crisis, forcefully points up the argument that long-term credit to Russia is actually helping the Soviet to finance Castro to train revolutionary leaders to cause the United States trouble in South and Central America.

It is obvious that long-term credit is, and will be, used against us. Senator MUNDT's proposal is worthy of more attention than it has been getting in Washington.

STATE RESPONSIBILITIES IN URBAN PROBLEMS

Mr. MUNDT. Mr. President, in a statement to the Senate on September 24, 1962, I discussed certain questions regarding the responsibilities of State government in helping to meet some of the problems besetting our large urban areas. I urged State legislatures and Governors to give attention to these problems because, in failing to do so, they would afford excuses to be seized upon by those desiring to see the Federal Government establish supremacy in this field through the establishment of a Federal Department of Urban Affairs.

I am pleased to report that 1963 witnessed the greatest volume and variety of State legislation ever enacted for the help of urban areas in meeting new problems. Some of these enactments grew directly out of recommendations of the Advisory Commission on Intergovernmental Relations of which I am pleased to be a member. By way of illustration there follows a summary of some of the principal enactments of legislatures in the Midwest, which is sometimes referred to as the stronghold of rural dominated legislatures.

First. One of the principal developments occurred in my home State where a municipal home rule amendment to the constitution was approved by the voters in November 1962 and went into effect on July 1, 1963.

Second. Nebraska and North Dakota adopted legislation authorizing interlocal contracting for the performance of governmental functions.

Third. Iowa and Nebraska granted municipalities authority to exercise zoning and planning powers in urban fringe areas.

Fourth. Iowa, Nebraska, and North Dakota authorized creation of metropolitan planning commissions, at least, on a countywide basis.

Fifth. Kansas enacted legislation strictly regulating new municipal incorporations.

Sixth. Nebraska liberalized its annexation procedure and enacted a statewide retirement program for public employees.

Seventh. Kansas, Nebraska, and South Dakota strengthened their State water pollution control programs.

Eighth. Iowa enacted legislation granting financial aid in the form of reduced motor fuel taxes for urban transit companies and also enacted a municipal home rule measure which, among other provisions, directed that all powers

granted local governments shall be liberally construed by the courts.

Ninth. Finally, the South Dakota Legislature authorized the placing on the ballot of a proposed constitutional amendment which would permit counties to consolidate the offices of county elective and administrative positions.

I think the foregoing is an answer to those who contend that urban areas cannot get State legislatures interested in their problems and that such attention can only be obtained in Washington. Of course, the responsibilities of the States regarding these problems are not discharged in a single legislative session; State responsibilities are continuing and increasing and much remains to be done. Nevertheless, I think the progress in 1963 is very encouraging for future trends in State-city relations.

PRESERVATION OF OUR CONSTITUTIONAL GOVERNMENT

Mr. TALMADGE. Mr. President, on Monday, January 20, the distinguished Senator from Virginia, the chairman of the Banking and Currency Committee, delivered a major address at the convention of the Wisconsin Bankers Association in Milwaukee. Senator ROBERTSON is a staunch advocate of economy in Government, and I am proud to be associated with him in the Senate as he diligently continues his efforts to achieve a much-desired end of unnecessary spending. I also join him in his desires to halt the ever-increasing spread of Federal bureaucracy in the areas which are purely a matter of State and local concern.

I commend Senator ROBERTSON on his outstanding address to the Wisconsin bankers, and I recommend it to the Senate. I ask unanimous consent that his speech be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REPORT ON THE WASHINGTON SCENE
(Remarks of Senator A. WILLIS ROBERTSON at the convention of the Wisconsin Bankers Association, Milwaukee, Wis., January 20, 1964)

It is a coveted privilege to address the bankers of this great State. As a Senator from Virginia, I have a warm feeling toward the State of Wisconsin because the territory which is now Wisconsin belonged to Virginia until Virginia ceded to the new Nation its claims to the Northwest Territory as part of the agreement which led to the acceptance of our first Constitution—the Articles of Confederation.

Wisconsin was an important part of the old Northwest Territory. It was settled partly by sturdy pioneers from Virginia, Pennsylvania, New York, and other Eastern States, who moved west in search of open land for homesteading, partly by French woodsmen from Canada, and partly by some of our finest immigrants, the Scandinavians, who knew farming and loved the rich soil of Wisconsin. And, of course, I should not overlook our German friends, who made Milwaukee the brewing industry's national capital.

Your invitation to address this meeting reminded me of my first contact with a prominent political leader from Wisconsin. When I was a young lawyer, prior to World War I, I was attorney for a girls' junior college.

When the president of that college, who was a Methodist minister, was called upon to certify to the accuracy of his new income tax return, he confided to me that he would prefer for me to be responsible for any charge of tax delinquency or error in the report. My reply was, "Make me president and I'll assume full responsibility." That was done, and I became a college president. One of my duties as president of the college was to provide commencement speakers. In 1916 I offered the distinguished Senator from Wisconsin, Bob La Follette, an honorarium of \$150, plus expenses, if he would deliver the commencement address. When he made his speech, I was convinced he had indeed earned his honorarium. On a hot June day in the Valley of Virginia, he spoke to those young girl graduates for 2 hours on railroad legislation, a subject about which they had never heard before and which they hoped, God bless you, never to hear again.

Incidentally, that was my first introduction to our Senate rule of unlimited debate, which during the past 17 years I have been forced to use at times in what I am pleased to call a fight for the preservation of American constitutional liberty. The senior Senator La Follette was, I have always felt, the real father of some of our New Deal legislation, but he did not have the help of such New Deal papers as the New York Times. He was a man of ability, who had a due regard for the Constitution and has been honored by being chosen as one of the leading Senators whose portraits have been painted on the walls of the Senate reception room. Consequently, I do not lay at his doorstep the unconstitutional provisions of the pending civil rights bill.

Washington today is a fascinating place for those interested in banks and other financial institutions. The air is full of new legislative proposals, new laws, new regulations, new interpretations, new appointments, and new controversies.

As long ago as 1956, the Banking and Currency Committee made an extensive study of banks and other financial institutions. We had the assistance of an outstanding committee of bankers. The financial institutions bill of 1957 which grew out of the study was passed by the Senate but was killed in the House Banking and Currency Committee. Many of the proposals in it, however, have since become law. Other studies since made were an extensive review of the fiscal and monetary situation by the Finance Committee under the chairmanship of Senator Byrd of Virginia, the major study of the Commission on Money and Credit, and the studies and reports of the Heller Committee, the Saxon Advisory Committee, and the Advisory Committee to Chairman McMurray of the Federal Home Loan Bank Board.

As a result of all these studies and reports, many legislative proposals have been made, dealing both with the supervisory and regulatory agencies in Washington and with the powers, functions, and scope of the various banks and financial institutions.

There have been many complaints about the present supervisory and regulatory setup for commercial banks, to say nothing of the problem involved in the supervision of mutual savings banks, savings and loan associations, credit unions, and other financial institutions. The dual banking system itself is being criticized both by its national bank members and by its State bank members. The Federal regulatory bodies, including the Comptroller of the Currency, the Federal Reserve Board and the FDIC, with the Anti-Trust Division and the Internal Revenue Service taking a hand from time to time, clearly do not provide efficiency or clear-cut lines of authority.

The present arrangement is complicated and confused. There is room for the expression of many points of view. As we all know,

these different points of view can be expressed quite vigorously, quite forcefully, and sometimes with complete disregard for what used to be considered the bureaucratic amenities. In fact, the acrimony of the debates about supervisory responsibilities and powers has added weight to the arguments of those who urge that the system should be changed in order to promote efficiency and eliminate disagreements.

However, in considering proposals to simplify and improve the dual banking system and the Federal bank supervisory system, we must not overemphasize the importance of efficiency and unanimity. These must be achieved within a framework of freedom, individual initiative, and competition. The problem is to preserve a reasonable balance between the two.

In addition to the many proposals to reorganize the dual banking system and the Federal regulatory setup, there are perhaps even more proposals to revise, usually in the form of expanding, the powers and functions of the various financial institutions. National banks and many other commercial banks would like to make larger loans in proportion to their capital and surplus; they would like to make increased loans on residential mortgages and on forest tracts; they would like to underwrite State and municipal revenue bonds; and they would like to undertake the collective investment of managing agency and custodian accounts. Federal savings and loan associations would like to invest in municipalities, to make loans on household consumer goods, and to make loans for education. Most savings and loan associations and some banks would like to increase the amount of FSLIC and FDIC insurance to \$20,000. Mutual savings banks are seeking nationwide scope and broader investment powers through Federal charter.

So far the regulatory agencies disagree sharply on these proposals. It is even more difficult than usual to find an administration position on these issues, because each of the agencies involved is more or less independent of the executive branch.

The House Banking and Currency Committee has had extensive hearings on some of these proposals. The Senate committee has not considered most of them. By experience we have found that we can save time and effort by letting the House act first on many of these matters.

My hesitance to enter promptly and extensively in these fields is strengthened by the fact that there is relatively little evidence of any pressing need to do so. The financial institutions themselves, and their managements, and stockholders, appear to be getting along very well. And I cannot see any severe shortage of funds for investment in Government bonds, business loans, and corporate financing, mortgage financing, or consumer loans, and other personal financing. With most financial institutions thriving and with their customers on the whole supplied with adequate credit, the need for substantial changes in the organization of our financial institutions does not appear great. The long established rules of a game should not be changed unless and until the need for change has been proved.

My hesitance to enter the area of change is further strengthened by the fact that the Congress has other proposals which are generally considered to be of far greater immediacy and importance, whatever one may think of their merits.

The banking proposals must compete for the attention of the Congress with such measures as the tax cut bill and the civil rights bill which the President has placed at the top of the list. I should like to discuss these two proposals, at least briefly, and give you some of their implications for banking.

The tax cut bill has already passed the House and is now being considered by the

Senate Finance Committee. It is indeed a major measure, and it must be considered in the light of its effects on the economy in general, on inflation, and on our balance of payments, and in the light of our overall fiscal and monetary situation.

I think all can agree that Federal taxes are far too high. The upper brackets are now so high that they seriously interfere with business development and the growth of the country. So, other things being equal, we should all favor an even more substantial tax cut than is proposed. But we cannot overlook the possible effect of a substantial tax cut on our economy. If Federal taxes are cut substantially without an equal or greater cut in Federal expenditures, the effect will be in the direction of inflation. And any substantial measure of inflation will be bad in itself, and it will make even worse our present balance-of-payments deficit.

The tax cut is recommended in order to prevent a threatened recession. I am glad to say this recession has neither arrived nor become visible on the horizon. In fact, most of the indexes indicate that even without a tax cut there would be a substantial chance that the present prosperity would continue. While there is considerable unemployment, the rate of unemployment of married men is at a low level, and much of the unemployment is concentrated in particular industries such as coal mining, where John L. Lewis' \$22 minimum wage priced about one-half of the coal miners out of business. There is less than complete use of our industrial facilities, but some of the excess capacity can be attributed to the emergency expansions of industrial capacity during the Korean war.

On the other hand, total employment is high; hourly and weekly earnings are high; the industrial production index is high; and both wholesale and retail prices are continuing to mount. Both the gross national product and the national produced income are at an all-time high and will go still higher.

I favor cutting taxes and, as a safeguard against harmful inflation, I favor corresponding economies in spending. The pending tax bill, which I believe will be reported to the Senate before the end of the month and I hope can be passed by the Senate by the end of February, will reduce income tax withholding by some \$800 million a month. This will greatly add to the purchasing power of millions of taxpayers. Certainly the Congress must support the President's recommendations for economy as part of his overall financial policy. In fact, I am willing to see his cut and raise him a billion. For instance, he could not cut foreign aid too much to suit me. And we can save billions by leaving out of the Federal budget such programs as area redevelopment, mass transportation, education, and so on. The tax cut will provide enough funds for the taxpayer to provide these services for himself he really wants them, either through private expenditures or by State or local action. And by leaving these matters to the people and the States, we can help to keep the Federal Government from growing still more powerful. It is just as important in the field of expenditures as it is in the field of banking to preserve a proper balance between the Federal Government and the States.

I hope we can cut every ounce of fat out of the defense program. But we must be equally careful to preserve our military strength. We cannot proceed on the assumption that the Communists have abandoned their oft-declared intention to destroy us. I voted against the test ban treaty because I do not trust the good will of the Politburo. I voted against the wheat sale because I do not wish to use public credit with which to strengthen an enemy. It may be old fashioned to believe in the Bible. But both the Catholics and the Lutherans